



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

October 05, 2022

HDFC BANK POSTS 23.5 PC LOAN GROWTH IN SECOND QUARTER: Private sector HDFC Bank on Tuesday said it has registered a 23.5 per cent rise in loans to Rs 14.80 lakh crore in the second quarter of this fiscal. The bank's deposits aggregated to approximately Rs 16.73 lakh crore as of September 30, 2022, nearly 19 per cent higher from Rs 14.06 crore as of September 30, 2021, it added.

(Financial Express)

FITCH AFFIRMS 'BBB-' TO SBI, BANK OF BARODA: Global rating agency Fitch on Tuesday assigned a stable outlook to public sector lenders State Bank of India and Bank of Baroda while affirming their 'BBB-' rating. The probability of extraordinary state support is the highest for SBI among Indian banks due to its high systemic importance as the largest Indian bank, the state's 56.9 per cent controlling ownership, and its broader policy role than peers, Fitch said in a statement. It also said impaired-loan ratio of SBI would continue to improve in FY23

(Financial Express)

GOVERNMENT APPROVES RS 26,000 CRORE TO INSTALL 25K MOBILE TOWERS IN 500 DAYS: The government has approved Rs 26,000 crore for installation of 25,000 mobile towers in 500 days, an official statement said on Tuesday. According to a telecom ministry spokesperson, financial support for the project will be provided by Universal Services Obligation Fund and it will be implemented by Bharat Broadband Network. The project was announced by Telecom Minister Ashwini Vaishnaw at three-day long 'Digital India Conference of State IT Ministers' that concluded on October 3.

(Financial Express)

STATE-RUN LENDERS MAY SEEK HIGHER PRUDENCE FOR RRBs: State-run lenders will likely approach the central bank with a proposal that the credit risk weight requirement for regional rural banks (RRBs) for advances against gold ornaments and individual housing loans be brought on a par with that of public sector banks, banking sources told FE. Currently, commercial banks, including the PSBs, assign greater risk weight to loans against gold than RRBs. However, their risk weight for individual housing loans is lower in certain categories than that of RRBs.

(Financial Express)

CCI CLEARS ZEE-SONY MERGER: The Competition Commission of India (CCI) gave its approval to the mega merger of homegrown media network Zee Entertainment Enterprises Ltd



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(ZEE) with Culver Max Entertainment, formerly known as Sony Pictures Networks India (SPNI). The approval came after the competition watchdog accepted “voluntary structural remedies” proposed by the parties, sources close to the development said.

(Business Line)

APPLE FORCED TO CHANGE CHARGER IN EUROPE AS EU APPROVES

OVERHAUL: Apple will have to change the charger for its iPhones in the European Union from autumn 2024 to comply with new rules introducing a single charging port for most electronic devices. The reform passed by an overwhelming majority in the European Parliament on Tuesday, the first of its kind anywhere in the world, potentially strengthens the EU's role as a global standard-setter on telephone technology. The vote confirmed an earlier agreement among EU institutions. The new rules will make USB-C connectors used by Android-based devices the standard across the 27-nation bloc, forcing Apple to change its charging port for iPhones and other devices. It will also apply to laptops from 2026, giving manufacturers longer to adapt, although many already use USB-C.

(Business Line)

UPI PAYMENT CROSSES RS 11 LAKH CRORE MILESTONE IN SEP: Payment through Unified Payments Interface (UPI) has crossed a milestone of Rs 11 lakh crore in September, as per the data released by National Payments Corporation of India (NPCI).

(Business Line)

IDBI BANK TO SEEK BIDS VIA SWISS AUCTION FOR JAYPEE INFRA TECH

DEBT: IDBI Bank, the lead lender to Jaypee Infratech, is all set to seek bids via a Swiss challenge auction Wednesday for the distressed borrower's ₹22,600-crore debt. Potential bidders will have to compete with the National Asset Reconstruction Co's (NARCL) ₹3,570-crore offer - the biggest to date by the government-backed bad bank.

(Economic Times)

BoB PLANS TO RAISE \$500M OVERSEAS LOAN: State-owned Bank of Baroda (BoB) is planning to raise up to \$500 million via an overseas loan as the bank is seeking to expand its offshore investments and credit, people familiar with the matter told ET. It has reached out to global lenders who are likely to make commitments by October 10 depending on the global credit markets, which are caught in a storm.

(Economic Times)

PRIVATE EQUITY FUNDING DETAILS TO INFORM IPO PRICING: The SEBI's decision to step up disclosure norms for IPO-bound companies makes sense to bring more transparency in price discovery for retail investors. There have been concerns that traditional financial disclosures are not adequate for many new-age tech firms that generally remain loss-



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making for longer periods. Companies will have to disclose the price per share based on the new issue of shares and on secondary sales or acquisitions during the 18 months prior to the IPO. In case there have been no transactions in the 18 months before the IPO, information must be disclosed on price per share based on the last five primary or secondary transactions, not older than three years prior to the IPO.

(Economic Times)

ELON MUSK PROPOSES TO ACQUIRE TWITTER FOR ORIGINAL PRICE: Elon Musk is proposing to buy Twitter Inc. for the original offer price of \$54.20 a share, potentially avoiding a courtroom fight over one of the most contentious acquisitions in recent history. Musk made the proposal in a letter to Twitter, according to people familiar with the matter. Shares of Twitter climbed as much as 18% on the news. Representatives for Musk and for Twitter didn't immediately respond to requests for comment.

(Live Mint)

HOUSE PANELS RECOMMENDS RATIONALISING GST ON INPUTS OF MAN-MADE TEXTILES: The committee on labour, textiles and skill development has batted for the need to rationalise duties on raw material inputs to man-made textiles to correct the inverted duty structure, a year after a similar decision was reversed by the GST Council. In its report on the development of the man-made fibre, the committee noted that the differential GST structure currently in place at various stages of the man-made fibre (MMF) is hindering the Indian textile and apparel industry.

(Business Standard)

FSSAI DIRECTS AUTHORITIES TO MAKE SURE MID-DAY MEAL SUPPLIERS HAVE LICENCE: The Food Safety and Standards Authority of India has asked all licensing and registration authorities to ensure that food business operators involved in the mid-day meal schemes including schools and NGOs etc have FSSAI licence. Moreover, the letter by FSSAI stated that cook cum helpers are to be trained under the Food Safety Training & Certification (FoSTaC) scheme and the funds can be utilised from the states.

(Business Standard)

INDIA'S BAD BANK NARCL OFFERS RS 228 CR FOR MITTAL CORP DEBT HELD BY PSBs: Government-promoted bad bank National Asset Reconstruction Company (NARCL), through its newly formed ARC has made an offer for loans of troubled steelmaker Mittal Corp, a move that has triggered a Swiss challenge auction. The bad bank has offered Rs 228 crore for Mittal Corp debt held by public sector banks (PSBs). The offer equates to a recovery of 16 per cent of the total amount of Rs 1,414.5 crore.

(Business Standard)



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INDIA GOVT BONDS NOT ADDED TO KEY INDEX, REMAIN ON WATCH:

JPMorgan: India remains on the radar for inclusion in JPMorgan's influential emerging market local currency debt index after a review on Tuesday, the bank said, dashing hopes that Asia's third largest economy would be added this year. Some investors had hoped the Wall Street bank would move towards including Indian bonds this year, following Russia's exit from the GBI-EM benchmark tracked by an estimated \$240 billion of funds globally. But others cited investment hurdles "including a lengthy investor registration process and the operational readiness required for trading, settlement and custody of assets onshore," said JPMorgan in a statement. India is one of the largest bond markets among emerging-market economies with more than \$800 billion in outstanding debt.

(Business Standard)



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FINANCIAL TERMINOLOGY/CONCEPTS

UNDERWRITING

- ❖ Underwriting is one of the most important functions in the financial world wherein an individual or an institution undertakes the risk associated with a venture, an investment, or a loan in lieu of a premium. Underwriters are found in banking, insurance, and stock markets.
- ❖ In the insurance world, underwriters determine whether an insurance agency should undertake the risk of insuring a client. They determine the risk and exposure of clients and also how much insurance should be granted to a client, how much they should pay for it and whether or not to offer an insurance policy to the client in the first place.
- ❖ In the securities market, underwriting involves determining the risk and price of a particular security. It is a process seen most commonly during initial public offerings, wherein investment banks first buy or underwrite the securities of the issuing entity and then sell them in the market. This ensures that the issuers of the security can raise the full amount of capital while earning the underwriters a premium in return for the service.
- ❖ Underwriters in the banking sector perform the critical operation of appraising the credit worthiness of a potential customer and whether or not to offer it a loan. They appraise the credit history of the customer through their past financial record, statements, and value of collaterals provided, among other parameters.
- ❖ Investors benefit a lot from the underwriting process as the information provided by an underwriting agency can help them take a more informed buying decision. An underwriter who holds a large chunk of the securities of a particular company or is the market maker for such a security provides the core liquidity for the security and enhances price stability and distribution.



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RBI KEY RATES

Repo Rate: 5.90%
SDF: 5.65%
MSF & Bank Rate: 6.15%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 81.4267
INR / 1 GBP : 92.4714
INR / 1 EUR : 80.2677
INR /100 JPY: 56.2200

EQUITY MARKET

Sensex: 58065.47 (+1276.66)
NIFTY : 17274.30 (+387.00)
Bank NIFTY: 39110.05 (+1080.40)

(CMA Chittaranjan Chattopadhyay)

Chairman,

Banking, Financial Services & Insurance Board

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